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December 22, 2005

Mr. Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix AZ 85007

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AZ CORP COMMISSION
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RE: Competitive Procurement of Power
Compliance - Decision No. 67744 in Docket No. E-01345A-03-0437

Dear Mr. Johnson,

Arizona Corporation Commission ("ACC" or "Commission") Decision No. 67744 in Docket No. E-01345A-03-0437 and the associated Settlement Agreement ("Settlement") required Arizona Public Service Co. ("APS") to issue a Request for Proposals ("RFP") for at least 1,000 MW of long term future resources no later than the end of 2005. Specifically, the RFP was to be issued pursuant to and consistent with Section IX of the Settlement and paragraph J of Decision No. 67744.

On May 31, 2005 APS issued an RFP soliciting at least 1,000 MW of long-term future resources for a duration of no less than 5 years with delivery beginning between June 2007 and June 2008. As a result, the Company has complied with this section of Decision 67744.

Sincerely,

Justin Thompson
Manager
Regulatory Policy & Analysis

Cc: Brian Bozzo (Compliance and Enforcement)
Docket Control